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2007 JUN -1 P 4:46

AZ CORP COMMISSION
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GLEASON PROPOSED AMENDMENT #16

DATE PREPARED: June 1, 2007

COMPANY: Arizona Public Service Company

DOCKET NOS: E-01345A-05-0816, E-01345A-05-0826 and E-01345A-05-0827

OPEN MEETING DATES: June 13, 2007

AGENDA ITEM: U-1

Page 123, STRIKE lines 13 through 26

Page 123, STRIKE lines 27½ and 28 (footnotes Nos. 81 and 82)

Renumber footnotes to conform

Page 124, STRIKE lines 1 through 6 and INSERT:

"APS Witness Levine testified that, if he had been asked before the reactor trip whether he thought the operator 'had been trained, was knowledgeable, had adequate procedures, and would have been able to execute the startup effectively,' he would have answered 'yes.' Thus, it is clear that management was unaware of relevant opinions and facts known by others before and at the time of the trip. The reactor trip was the result of an individual operator not following appropriate procedures. We agree with APS that accepting Staff's position would require us to engage in impermissible hindsight and the speculation required to reach Staff's result violates the prudence standard. Therefore, we find that the outage associated with the August 26, 2005, reactor trip was not the result of APS' imprudence, and we will allow recovery of the costs associated with the outage via the PSA."

Pages 132 and 133, amend Section XIII.G (relating to surcharge for outage costs) to conform

Page 145, line 20

STRIKE: "personnel"

INSERT: "management"

Page 146, line 11, after "was" INSERT "not"

Make all other conforming changes

16-PVUnit1

Arizona Corporation Commission
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